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ABSTRACT

One of a series of social studies units designed to develop the reading and writing skills of low achievers, this student activity book focuses on the theme of consumerism. The unit can be used for high school classes, individual study in alternative and continuing high schools, and adult education classes. Following an introduction, five sections cover supply and demand, trade-offs, factors of production, advertising, and the market chain. Each section consists of a short reading stressing vocabulary development and aural discrimination. An appendix contains seven exercises to accompany the readings in the text. Activities focus on reading comprehension and incorporate the topics of stores, comparative shopping, bargains, budgeting, and shoplifting. (LP)

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ONSUMERISM THEME

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INTRODUCTION

A. Sounds Introduced
   1. ox - x
   2. you - ou

B. Vocabulary
   1. nonconformity
   2. campaigned
   3. manufacturers
   4. motivate
   5. frugal
   6. alleging
   7. crusade
   8. resides
   9. outstanding
   10. lobbyist

A consumer is anyone who buys a product. Each one of us, of course, is a consumer. The consumer is important. As students, we do not as individuals have large amounts of money to spend. However, when you look at the combined purchasing power of teenagers, you will see that it runs into billions of dollars.

In this unit, we are going to examine some important concepts that all consumers should understand. Hopefully, we will cover some material that will keep you from getting "ripped off" in the future.

Currently, the most notable name in consumerism and consumer rights is Ralph Nader. Ralph Nader was born in 1934, in the small town of Winsted, Connecticut. The Nader family was always involved politically in whatever problems the town encountered. Ralph Nader graduated magna cum laude in 1955 from Princeton University's Woodrow Wilson School of Public and International Affairs.

While still at Princeton, Ralph Nader began to demonstrate his unique talent for nonconformity....He campaigned on the college to prevent some trees from being sprayed with D.D.T. (a chemical later determined to be harmful to humans). Ralph always was launching a one-man campaign to make our society a better place to live.

Upon graduation from Princeton, Nader attended Harvard Law School, where a majority of the cases he was involved with pertained to auto injury. He was observing through his studies that many accidents could be blamed on the cars.

After Ralph Nader graduated from Harvard, he started his campaign to improve auto safety. Nader felt a lot of the blame for auto accidents lay with the manufacturers of the vehicles instead of the drivers. In 1965 Nader wrote a book entitled Unsafe At Any Speed.

Unsafe At Any Speed became a best seller in 1967. Over 450,000 copies have been sold. After this book, Nader's attack on the auto industry began to attract the attention of Washington. Support from several congressional members in Washington D.C. helped motivate President Lyndon B. Johnson to include a message about highway safety in his State of the Union address in 1966.

Some auto industry representatives felt Ralph Nader had opened a can of worms that had to be closed. Stories circulated about the country that Nader was under investigation. The auto industry had hired investigators to find out if Nader was personally involved in any of the damage suits against the auto industry.

A majority of the damage suits against the auto companies pertained to defects on the Chevrolet Corvair. Ralph Nader was cleared of any suspicious attachment to damage suits. A suit was filed later by Nader against the auto industry alleging that he had been harrassed by General Motors. The case called for General Motors to pay $26,000,000 in damages. Needless to say, General Motors appealed this decision and the case is still tied up in the courts.

After his triumphant success in making the public aware of the hazards of faulty automobiles, Ralph Nader turned his attention toward other consumer problems. Problems such as health hazards in the mining industry, reduction of the indiscriminate use of the x-rays in dental examinations, and helping improve conditions for the American Indian were tackled by Nader.

One of his most outstanding contributions to the consumer was the role he played in the passage of the Wholesome Meat Act of 1967. This act provided that there be federal inspection standards on all slaughterhouses and processing plants in the United States.

To help Ralph Nader in his fight to better conditions for the public, he formed a crusade of several young lawyers, known as Nader's Raiders, to help him. All these young lawyers and students were unpaid while working with Nader to investigate the Federal Trade Commission. Mr. Nader served as a good example to these young men by living a very frugal life himself. At the present time, Ralph Nader resides in Washington, D.C. working as a lobbyist, to persuade support in favor of the consumer.

A. Sounds Introduced
1. learn - ear
2. know - kn
3. tie - ie
4. cities - ie
5. quick - qu
6. fare - are

B. Vocabulary
1. market
2. consumers
3. profit
4. dramatic
5. consumer-oriented
6. communicate
7. advantages
8. advertising
9. rejection
10. scarcity
11. resources
12. surplus
13. limit
14. economy

Understanding How The American Market System Operates

What is a market? This question seems easy enough. A market is a place that contains items that shoppers buy when they need them. The market that we are going to discuss in this unit is not a place. Instead, the term "market", when used by manufacturers in producing products, relates to a "condition."

The condition is the following: a market will exist if a seller has something to sell that consumers want to buy. Another condition that has to exist is that the consumers must be willing to pay the price.

Before manufacturers develop new products, they must make sure there will be a market for the product. The market must be large enough so that everyone involved in the development of the product makes a profit. If there are not enough consumers for a product, the manufacturer will suffer a loss.

Because of competition, every year, thousands of new products are introduced on the market. When a product starts to lose consumers, a manufacturer must go through every step of developing his products to find out where improvements can be made.

The consumer has a large amount of power in a competitive market. The acceptance or rejection of fashion may be one of the more dramatic examples of consumer power in the market-place. This idea of the consumer as the decision-maker is nothing new. Since the end of the Great Depression, during the thirties, our society has become consumer-oriented.

From our reading, we have found out that the consumer actually has a major role in our American market system. And, the company or manufacturer that decides to put a new product on the market is taking a big chance. The manufacturer is gambling that the product and market are ready for this new item.

Scarcity is another factor that we must consider when discussing the market system. There is a limited amount of resources in our country. New crops are grown every year. A prime example of our resources becoming scarce is the depletion of our oil supply. When all of our oil supply is gone, it will be gone forever and cannot be replaced.

In our society we must make choices to satisfy our wants and needs so that we can meet the scarcity of resources. As consumers, every day we make choices, choosing one product over another. For instance, when the scarcity of a product limits our choices, we are forced to decide on another product.

We are lucky here in the United States to be able to make choices relating to our living habits. In countries such as Russia, China, and East Germany, the government makes most of the choices for the people. In these countries, only the government can say when a product will be offered and how much the price will be. By controlling the freedom of choice for the consumers, the government is also controlling the manufacturers.

Our way of life has to allow us the freedom of choice. Each one of us has a different lifestyle, different tastes and different income. We have to be able to have freedom of choice to survive. Allowing the consumer freedom of choice also allows for the market economy to survive. Without the consumer's ability to choose, the market economy would die.

A. Sounds Introduced
   1. sung - ung
   2. key - ey
   3. fare - are
   4. quick - qu

B. Vocabulary
   1. supply
   2. demand
   3. competitive
   4. value
   5. quality
   6. trade-off
   7. participate
   8. alternative
   9. collective choice

SUPPLY AND DEMAND AND TRADE — OFF'S; TWO IDEAS FOR CONSUMERS TO UNDERSTAND

We as consumers live in a world of supply and demand. For example, the demand for Super Bowl tickets is high and the supply is limited. How will this affect the price of the tickets? If tuna fisherman are restricted in fishing waters, how will this affect the price of tuna?

In both of these examples, the price will be high because the supply is low and the demand is high. In a very competitive market, demand represents the amount of a product or service consumers are willing to pay.

The higher the price of the product, the fewer consumers will purchase it. The price is right when manufacturers are able to supply the product at a price consumers are willing to pay.

When demand is greater than supply, consumers place a higher value on the product and are willing to pay more. Because supply is low and demand high, competition will develop to fulfill this consumer need. Thus, in the end, competition will bring the price down.

A trade-off means giving up one thing in order to buy something else. Every day consumers must participate in a trade-off. From the moment consumers decide on a particular quality in a product or service over another quality, they have just made a trade-off.

Trade-offs are important because they commit the consumer to a choice. An example of a trade-off is the following: you have tried a new shampoo that promises to add more body to your hair. This new shampoo costs two dollars more than your old shampoo, which does not provide body for your hair. You have just made a choice, or trade-off, to spend two dollars more to obtain body in your hair.

What you have done is give up lower-price for quality in another shampoo. The same trade-off takes place when you choose one toothpaste for cavity fighting reasons, over a breath freshener toothpaste. It happens again when a consumer decides to use money for a new car instead of an ocean cruise.

Consumers are not the only ones that make trade-offs, manufacturers also must make choices. Businesses go through the process of placing values on different alternatives and weighing the trade-offs. Manufacturers have to decide, for example, which new product idea the company will work on, X or Y. Companies must make the choice between working on a new product or trying to improve an existing product.

Trade-offs and choices are not just limited to consumers and manufacturers. The citizens in this country make the decision of a trade-off when he goes to the polls to vote. This type of a trade-off is considered a collective choice. As a group of citizens try to vote for pollution control or no pollution control in their town, they collectively make a choice. Trade-offs are necessary in our daily life. Being prepared to make the best possible choice concerning our well-being should be of vital importance to every consumer.

A. Sounds Introduced
   1. bought - ought

B. Vocabulary
   1. combination
   2. land
   3. labor
   4. capital
   5. entrepreneurship
   6. limited
   7. circular
   8. ingredients
   9. acquired
   10. wages
   11. skilled
   12. investment
   13. entrepreneur
   14. profit
   15. suffer

FACTORS OF PRODUCTION

Before any service or product can be produced, there must be some combination of the factors of production. There are four factors of production: land, labor, capital, and entrepreneurship. Each factor of production is limited and must be carefully handled. There is a circular flow of economic activity that the factors of production follow. Land, labor, capital, and entrepreneurship are the ingredients of every productive activity.

Land refers to all natural resources, whether animal, vegetable, or mineral. Those who desire the use of some other person's land will be required to pay rent. Some land is more highly desired than other land and therefore may command a higher rent.

The second factor of production and labor is provided by human beings. The labor of certain individuals is acquired through wages and salaries paid by manufacturers. Certain services by individuals are offered at different wages. For instance, doctors may earn $60,000 per year while teachers average perhaps $13,000 per year.

Some highly skilled workers such as engineers may earn twice as much as unskilled workers. Because labor is a service provided by people and affects their survival, economists are very concerned with the level of unemployment.

The next factor of production is capital, the goods used in the production of other goods and services. Capital goods are the man-made factors of production, and the process of creating capital goods is called investment. The purchase of stocks, bonds, or other papers to indicate ownership or loans is an investment, when these investments are turned into capital goods.

Investment, the creation of capital goods, is only possible because people do not use all the money that is left after producing a new product.

The last factor of production is the entrepreneurship or business knowledge or ability involved in producing a product. Entrepreneurs must take risks by investing money to give consumers new products. If the product or company is to be a success, the entrepreneur must make the right decision to make a new product or item. When an entrepreneur makes a good decision, he and his business make a profit from the purchases made by consumers of his product. However, if entrepreneurs are not successful, they may suffer a loss and may lose money.

A. Sounds Introduced
   1. fox - x
   2. out - ou

B. Vocabulary
   1. communicate
   2. various
   3. wares
   4. distributed
   5. literate
   6. mass production
   7. reduced
   8. prosperous
   9. compete
   10. adapt

HISTORICAL BACKGROUND OF ADVERTISING

Trying to communicate with consumers is nothing new to the advertising market. In the early days, there were various methods used to communicate with the consumer. In the Middle Ages, a cobbler might hang a shoe in front of his place of business to advertise. Another method of advertising might be to pay a town crier to call out his name and the price of his wares.

With the invention of the printing press at the end of the fifteenth century, handbills could be distributed throughout the countryside. As people became more educated or literate, advertising advanced. Advertising the quality of a manufacturer's wares became easier because of the literacy of the people.

In the nineteenth century, the birth of the Industrial Revolution brought more major changes in advertising. The Industrial Revolution brought mass production into the limelight. The machinery of mass production made it possible to make products in far less time and at reduced costs. Now with mass production came the challenge of mass advertising. Manufacturers now needed new and better ways to sell their products.

Mass production in the Industrial Revolution brought with it the seed for expanding our system of transportation. Great improvements in transportation were made. Eventually we became a nation with mass transportation systems and this allowed manufacturers to distribute their products from one end of the country to the next.

Another development in advertising was the rural free delivery system started with the United States Postal Service at the turn of the century; the system made it possible for manufacturers to reach farm families. Furthermore, mail-order catalogues like Sear's and Montgomery Ward's grew very prosperous through the postal system. Additionally, newspapers and early magazines started to carry advertisements for manufacturers.

During the late 1930's, things began to change as technological advances increased product development. These changes brought even greater demand for manufacturers to compete for consumer favors. At this period in our country, more consumers were enjoying high standards of living.

Transportation again boomed, and the new developments worked to the advantage of the consumers. The consumer could now travel to any part of the country and select any lifestyle he preferred.

Again, the manufacturer is faced with trying to please the consumer, as well as trying to improve his product for the consumer. Now the manufacturer must develop products that will adapt to the changing lifestyle of Americans.

A. Sounds Introduced
   1. hear - ear
   2. heart - eart
   3. knit - kn

B. Vocabulary

1.	market research	15.	employ
2.	manufacturer	16.	inspection
3.	representatives	17.	convenient
4.	variety	18.	quality
5.	obtain	19.	advertise
6.	questionnaire	20.	visible
7.	product	21.	competing
8.	observe	22.	sales person
9.	preliminary	23.	purchase
10.	product development	24.	stimulate
11.	data	25.	rebate
12.	scientist	26.	test market
13.	eliminate	27.	established
14.	digested	28.	distribution

THE MARKET CHAIN (How to Start a Product From Beginning to End)

Market Research

The marketing chain involves all the steps taken to develop a product. Advertising is only one link in the marketing chain. The first step in the process of bringing a product to market, is the step of market research. One thing manufacturers must complete is a process to find out what consumers want. To complete this task, a company will send representatives out into the communities to find out what consumer needs and interests are.

This listening process will continue throughout the development of the product. Market research entails discovering the attitudes, opinions and usage habits of consumers. There are a variety of ways to obtain this information. First of all, a company might telephone various consumers asking for their opinions. Finally, a manufacturer might send out questionnaires to be answered and returned concerning consumer needs.

The consumers could be asked to tell the manufacturer what they need in a new product. In some cases, manufacturers will bring various consumers into their company laboratories to ask their opinions. Consumers may be asked to observe a product being demonstrated. Consumers are asked everything from what they think a product should sell for to the color of the package.

All this preliminary work is done in market research to develop a clear idea of what consumers want. Thousands of people are interviewed and reactions may be collected on one single product. Results are gathered and analyzed by experts.

Product Development

After opinions have been gathered, phase two of the marketing chain begins. Product development is the next step in either developing a new product or improving upon an old product. Product development starts in the company's laboratory, where the scientific data is composed.

The department of product development employs chemists, biochemists, bacteriologists, biologists, engineers and many others who help with the scientific angle of developing a product. The materials used in a new product are tested and re-tested hundreds of times before they are finally approved. Scientists study the reaction of many materials when interacting with others to eliminate the possibility of any harmful reactions.

Also studies must be made of how certain materials react when they are digested. All these precautions taken as safety checks are made in manufacturing a new product.

Some companies even employ outside scientific consultants, who provide expert opinions on various processes. Many companies make sure their product development department makes tests on new products to see how they affect the environment.

When all these experiments have been conducted and the product passes inspection, a product then is ready for step three, Packaging.

Packaging

Step three in the marketing chain is packaging. In this step of the marketing chain, manufacturers must make the packing of their new product convenient for the consumers. From the market research, manufacturers know convenience is what consumers are seeking. For example, in shampoos, consumers would prefer a plastic container that's easy-to-grip.

Many manufacturers prefer a variety of sizes in certain products. A number of these considerations are dealt with in the packaging department of a company. Among these, a priority that must be met in packaging is one of preserving freshness, effectiveness and attractiveness in a product. Also, the container that a product is packed in must be easy to carry. The outside package must also be disposable for the consumer. All labeling should be easy to read on the packaging.

Manufacturing

The area of manufacturing has the job of mass-producing the product. The manufacturing department must continue to maintain the best possible quality while selling at a reasonable price.

Many manufacturing departments have a separate laboratory which keeps a close watch on quality production of the product. The manufacturing department makes hundreds of tests to ensure the best possible product at a reasonable price. One of the tests that is performed is that of the checking of manufacturing processes.

Manufacturing processes include what and how the ingredients are put into the product. All raw materials used in a product are checked and re-checked hundreds of times. The finished products themselves are inspected and, depending on the product, are labeled with an inspection tag.

Advertising

Advertising is one of the most important areas of the marketing chain. Advertising is the most visible portion of communicating to the consumer about a new product. To excite the interest of the consumer in a product is the basic function of advertising. There are several ways to advertise a product. We read earlier how the shoemaker advertised his wares by hanging a shoe outside. Today, advertising has become a big business. Manufacturers spend millions of dollars each year on advertising. Television, radio, magazines, newspapers, and direct mail are most frequently used for consumer advertising.

A lot of advertising is used to sell a new product, but even more is used to help improve existing products. New products that have survived the market place continue to need advertising to maintain interst. Our changing consumer tastes require a facelift of an existing product to make sure that it continues to sell.

Most importantly, manufacturers are constantly competing, so the advertising department must develop new selling ideas to keep up with the competition. Not all companies with new products use advertising. Companies like Avon and Fuller Brush use door-to-door salespersons. Door-to-door salespeople must be very special; they must win over the consumer in person.

Another form of advertising a new product has been to send out trial samples at no cost to the consumer. A consumer has the opportunity to try the product and, if he likes it, he will purchase the regular size. If not, the consumer hasn't spent any money.

Coupons giving discounts on new products have helped stimulate interest in a product. Giving away a new product when it is purchased with an existing product is also an advertising brainstorm. The use of rebate when the consumer tries a new product or existing product has maintained or stimulated the selling of a product. Rebate is "money-back" from a product you purchase, when proof of sale is shown.

Another method of advertising is display. Displays in stores are often setup to attract consumers to a product. All the mentioned ways of advertising a new or existing products are very important to the marketing chain.

If the consumer is not aware of a product and attracted to it, the product will never sell. If a product doesn't sell, manufacturers suffer a loss and so do potential customers.

Test Market

The final step in the marketing chain is the test market. To evaluate whether a manufacturer made a good decision in producing a new product, a test market is established. A test market allows the manufacturer to see how the product does under actual selling conditions.

A manufacturer will select one or more geographic areas to sell the new product. This area is called the test market. The reaction of consumers in the test market will give the manufacturer an idea of how the product might do in a larger area.

The test market may be set up for as long as several years to six months. Since it duplicated the market where the product will be introduced, results from the test market can change the product before it reaches the larger areas. It is important that a manufacturer listens to consumers in a test market. The reasons why they decided to buy or not to buy a product are important because these give clues to the public's needs and desires.

Many manufacturers will not risk putting a new product out for national distribution if the test market was poor. Again, we find that what consumers say and do concerning a product holds the future of that product.

Project Development

Now that you have read what it takes to develop a new product, you are going to have a chance to develop your own "product". Use your imagination and creativity. What kind of product do you think would go over big now? Keep in mind the factors that make a product successful. You will also want to make up an advertisement for your product.

Project Requirements:

a. Invent a product.
b. Describe what your product will do.
c. How much will it cost?
d. Attempt to sketch a picture of your product.
e. Make up an advertisement for your product.

APPENDIX READINGS
WITH QUESTIONS & EXERCISES

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Unit 2

Introduction

Consumerism

Types of Stores - Where Should You Shop

SKILLS

A general idea or name is one that describes a whole group of things with something in common. A specific example names a certain one of these things. The word *store* is general because it includes many different places. Aldo's Market is specific because it names a certain store. The passage below will give you information about general types of stores, as well as specific stores.

FACTS

Few people shop in just one place. Most average towns offer a large number of stores to choose from. Most cities offer more than you could ever visit in a lifetime. Yet there are just a few basic types of stores.

Department stores are very large stores - they are usually several stories high. They carry a wide variety of goods including furniture, clothing, housewares, and appliances. Often they are part of a national chain, like May Co. and Penny's. But sometimes they are owned and run by local people.

Chain stores are stores that are found across the country. All the stores have the same name. They also carry the same merchandise. There are chain shoe stores and drug stores. There are chain hardware stores, dime stores, and, of course, supermarkets. A chain store may also be a department store like Penney's, or it may be a store-and-catalog house like Sears.

Discount department stores are a special type of department store. They offer a wide variety of goods, too. Unlike other department stores, they sell more small items, such as toys, hardware, cosmetics, camera equipment, and clothes. They usually offer low prices on these small items.

Small specialty shops carry only a certain type of merchandise. A specialty shop may be owned by a local person, or its owner may be a national company. There is a specialty shop for every type of goods - shoes, clothing, gifts, books, records, health food, flowers, pets, auto parts, and anything else you can name.

Large specialty stores are like small specialty shops, only they are bigger. They carry merchandise of just one type. But they offer more to choose from. Or they have goods that take up more space. Examples of these stores are lumber yards, car lots, large appliance centers, furniture warehouses, and plant nurseries.

PRACTICE - Use a separate sheet of paper to answer the following questions.

Below are a few groups of items. In each group, one item is very specific, one item is very general, and one item is somewhere between the two. Put a G before the item you think is most general and an S before the item you think is most specific.

1. ___ Woolworth's Variety Store
   ___ a chain store
   ___ a five-and-ten-cents store

2. ___ a small specialty store
   ___ a camera store
   ___ Santini's Camera Supplies

3. ___ a discount department store
   ___ a department store
   ___ GEMCO

4. ___ a large specialty store
   ___ Golden Oaks Garden Center
   ___ a nursery

5. ___ a chain department store
   ___ a department store
   ___ Bullock's Department Store

MORE PRACTICE

Use your memory or your phone book. Write the name of a store in your town that is a good example of each of these types of stores.

A department store _____

A chain store _____

A discount department store _____

A small specialty shop _____

A large specialty store _____

COMPARING STORES

SKILLS

In this section, you will read about the differences between specialty shops, typical department stores, chain stores, and discount stores.

FACTS

You don't always get what you pay for. Often you pay for what you don't get or don't want. Always ask yourself what goes into a store's prices.

An exclusive specialty shop usually marks its prices up about 50%. This means they add 50% of what an item costs them to the cost. This gives them the selling price. For example, if a manufacturer sells the specialty shop a coat for the wholesale price of $100, they sell it to you for $150. For the extra $50, you get an expensive atmosphere and a lot of attention from the salespeople. You also get free delivery and a lable from a classy shop.

A typical department store, like May Co. or Penny's often offers the same quality goods as the expensive shops. They have a less luxurious atmosphere. But they give the same delivery services and attention from salespeople. Their markup is between 33% and 40%. Often you find good bargains at their sales. Sale items may be priced even lower than the same items sold at discount stores.

Chain stores, like Penney's or Sears, may mark their goods up about 35%. They have simple decor and fewer salespeople. They usually offer outstanding bargains in housewares, tools, underwear, and children's clothes. Also, their prices on some appliances are lower than discount store prices. Their own products may be high quality, and they usually keep a close watch on the quality of other brands they sell. You pay for product inspection and guarantees. Since these stores do sell products of moderate as well as good quality, you must compare different brands in the store.

Discount department stores exist across the country. Some are Woolco, K-Mart, Al-Mart, GEM, and Korvette. They often mark goods up 22-27%. They have simple decor and less expensive locations. They have very few services. You wait on yourself. They can keep their prices down because they have a lot of items that sell quickly. They may have good bargains in appliances, cameras, and toys. But not everything they sell is a good buy. They do not check the quality of their furniture and clothing the way a chain store does.

Beware of any store that stresses installment-buying plans. These stores include credit jewelers or bargain furniture stores. Such stores usually mark up most of their goods about 75%. Even if you don't buy on credit, you pay for this service.

PRACTICE

1. Many services and expenses raise a store's prices. Put a check before any of the items in this list that can raise prices.

_____ a. free delivery service

_____ b. high standards for quality

_____ c. self service

_____ d. installment-buying plans

_____ e. fast-selling merchandise

_____ f. expensive decor

2. How do department store sales compare to discount store sales? _____

_____

3. In which two types of stores are you likely to find the best clothing buys? _____

_____

4. How do chain store appliances compare to discount store appliances? _____

_____

5. Why should you shop carefully in a discount department store even though its prices are low? _____

_____

PRACTICE - continued

6. Is it a good idea to pick just one store and do all your shopping there? Give your reasons. _____

_____

Good Bargains in Bargain Goods

SKILLS

Read about factory outlets. Figure out what factors cause them to sell goods at lower prices.

FACTS

A factory outlet is a store that is open to the public. It is run by a product's manufacturers. It is usually located in the same town, and sometimes the same building, as the factory. It is often found in a part of the city where the rents are lowest.

When you walk into a factory outlet, you may find yourself in an old warehouse full of furniture. You may be in a small room crowded with clothes racks. Or you may be in a tiny shop filled with shelves of day-old bakery goods. You won't see attractive displays of goods. You won't walk on expensive carpets. And you'll have to wait on yourself.

You'll come across some good buys and some bad ones. You may find good furniture in styles that are being replaced. You may find damaged goods that have been sent back to the factory.

You could find a nearly perfect table with a small scratch on it or a lamp that will never work again. A clothing outlet may be selling last season's clothes since they are now "out of style." Some clothes may be flawed. Some may just need washing or a button replaced. Others may fit so poorly that they wouldn't sell in the stores.

PRACTICE

1. Factory outlets do not sell goods at wholesale prices. They do sell goods 10-30% cheaper than retail stores. List four possible reasons why prices are lower in factory outlets.

2. A perfect piece of furniture was made in a certain town. It costs less in a store there than it does in a similar store 400 miles away. Why do you think that happens?

FACTS

Sometimes you see a sign in a department store that advertises a sale in "seconds" or "irregulars." Do you pass by this sign because you don't want damaged goods? You shouldn't.

Many manufacturers set standards for their products. They don't want to make a product that isn't perfect. They don't want to get complaints from their customers. When they do make something that is not perfect, they don't throw it out. Instead, they call the imperfect product a "second" or an "irregular." They tell the stores to sell it at sale prices.

A factory irregular may be only a bit less than perfect. Irregular stockings may be not quite standard size. Irregular towels may be not quite perfect in color or weave. There may be a slight oil spot on an irregular shirt. Usually you won't be able to spot the defect in a factory irregular.

A factory second is somewhat different. Sometimes a second is damaged - it might be broken, torn, or badly made. Sometimes a second is perfect. A company may want to clear out some goods at sale prices. They don't want to lower prices on similar items. So the company calls the first batch seconds and sells it at a lower price.

MORE PRACTICE

3. Why do you think a company might not want to sell slightly imperfect goods at full prices? _____

_____

4. Is a second or an irregular more likely to be a safer buy? _____

_____

5. Why do you think companies are willing to make less profit on seconds and irregulars than on perfect goods?

_____

_____

6. When you are at a sale table of factory seconds, what should you do before you make your purchase? _____

_____

Rules For Wise Shopping

SKILLS

Wherever you shop, follow certain rules to save money. Read this list of general rules. Decide how you can use them in shopping situations.

FACTS

1. Comparison-shop. Shop around and learn what prices a product sells for. Compare the price. Compare the quality of similar items, too.
2. Buy store brands whenever there seems to be little difference in quality.
3. Buy mostly middle-price goods. Very low-price products are made with cheaper materials. They don't last as long. Very high-price goods often have features you don't need.
4. Learn when sales are held. Learn how to take advantage of them.
5. Sale goods aren't bargains if you don't need them. Buy only what you need on sale.
6. Plan ahead. Make your grocery shopping list out before you go to the store. Buy birthday and Christmas gifts months ahead of time. This way you'll be able to take advantage of sales. Don't wait until something

RULES FOR WISE SHOPPING - continued

6. continued:
   breaks down or wears out before you shop for another.

7. Buy staples in quantity. Buy them in larger sizes to get a better price.

8. Consider how you will use an item when you are deciding how much to pay for it. Don't put a lot of money into something you won't use much, and don't spend a lot for something that has features you don't need.

9. Avoid extremes. Don't buy expensive items that will soon be out of style.

10. Read the labels. Read clothing labels to compare fabric content and care instructions. Compare the ingredients in foods.

11. Don't pay too much for convenience you don't need. Avoid convenience foods. Sometimes you can easily put the food in the same form yourself.

12. Don't buy expensive items at stores that don't stand behind their merchandise. Expensive items should come with guarantees.

13. Pay cash. Don't buy on the installment plan. Try to avoid credit buying.

PRACTICE

The rules listed above are numbered 1-13. Below are several descriptions of shoppers using these rules. Before each description put the number of the rule you think applies.

_____ A. Klaus Kroneder is in a Thrifty drug store buying toothpaste. Snow White toothpaste, a national brand, costs 78¢. TV ads say it gives you your brightest smile ever. Klaus buys Thrifty toothpaste in the same size tube for 49¢

_____ B. Anita and John Oppenlander are in a Sears auto store. They see that there is a sale on the type of tire they usually buy. The tires on their car have several months of wear left on them. The Oppenlanders can spare the money, so they buy the sale tires.

_____ C. Julianna Nunes is in the supermarket buying lunch treats for her children. Raisins come in two types of packages - a big plastic bag and a set of six little boxes. Raisins cost more per pound in the little boxes. Julianna buys the bag. She knows she can save by pouring individual portions into bags herself.

PRACTICE - continued

_____ D. Al Jublousky is buying a shirt. He doesn't want a shirt that he won't be able to wear if he doesn't feel like ironing it. He knows that cotton-polyester blends need less ironing than pure cotton shirts. When he sees shirts he likes, he looks at the care labels inside them.

_____ E. Barbara Norby is shopping on her lunch hour. She sees a pair of beautiful, yellow suede dress shoes on sale. The shoes are a bargain at that price because they are well made. But Barbara doesn't buy them. That's because she doesn't own any dressy clothes that go with those shoes.

_____ F. Pat Zwick needs a sports jacket. The salesman in the men's store tells him that the "new look" calls for very narrow lapels. Pat says he wants a classic sports coat with medium lapels. He doesn't want a coat that will end up being the "old look" in another two years.

PRACTICE - continued

_____ G. Gary Ferreira is buying tomatoes for spagetti sauce. There are two types of tomatoes. Salad tomatoes look perfect and cost 89¢ a pound. The second type are oddly shaped and not quite as firm. Gary buys the second type for 67¢ a pound. Who's going to know what they look like when they're in the sauce

Why Bother With a Budget?

SKILLS

Often you will read something to find details. Read the paragraphs below. Look for facts that will help you decide if the people need a plan for spending. This is called a budget.

FACTS

Bob and Lisa have been married for a year. They both work. They can just pay their main bills, but have no savings. Read about one of their days to learn why.

It is Lisa's turn to use the car, and she must stop for $4.00 worth of gas on her way to work. At the office, a co-worker talks her into buying some beauty products. She buys $6.70 worth of Thrill Cologne and Brusque After-shave. She packed a lunch, but decides to go out with her friends. Her lunch and tip come to $5.75. On her way back to work, she stops and pays a $30.65 light bill. She also buys a $2.98 fern at a sidewalk sale. On her way home, stops at a grocery store to buy a $2.49 chicken for dinner. She also buys some dish towels for $2.98, although she has plenty of towels.

WHY BOTHER WITH A BUDGET? continued

Bob paid 50¢ bus fare to get to work. Rather than fight with Mac the Mooch, Bob paid the extra 50¢ for Mac's coffee. He forgot to pack his lunch so he bought a $2.15 sandwich from a department store lunch counter. On his way out, he remembered that he needed socks and bought three pairs for $3.50. He also put down a $20 deposit on a handsome sweater. To keep Lisa from getting upset about the sweater, he bought her a $3.85 bottle of Thrill Cologne. Later, he stopped and bought $2.50 worth of magazines at a newsstand.

After dinner that night, Bob and Lisa find that they haven't enough cash for the movies. They begin to fight about spending money. Lisa throws the bottle of Thrill Cologne at Bob.

PRACTICE

1. Bob and Lisa both had one ordinary expense that could be cut out if they changed their habits. What was it? _____

_____

2. Which of Bob's expenses do you think were not needed? ___

_____

3. Which of Bob's expenses do you think were needed? _____

_____

4. Which of Lisa's expenses do you think were needed? _____

_____

5. Which of Lisa's expenses do you think were not needed? __

_____

6. How could making up a budget to plan their spending help Bob and Lisa? _____

_____

Budget Categories

SKILLS

A category is a name for a group of similar things. You will learn how to set up a budget by sorting expenses into six budget categories.

FACTS

The table shows you six main types of expenses. The name of each category is written at the top. Examples of each type of expense are listed below.

A. SHELTER	B. TRANSPORTATION	C. FOOD
House payments	Car payments	Groceries
Property taxes	Gas and oil	Household produ
Homeowner's insurance	Car repair bills	Lunches out
Rent	Car insurance	Dinners out
Renter's insurance	Licenses and fees	
Utility bills	Bus fare	
Home repair		

D. CLOTHING AND PERSONAL CARE	E. SAVINGS
New clothes	Bank savings
Laundry	Savings bonds
Dry cleaning	Christmas clubs
Haircuts	Credit union
Beauty products	

FACTS - continued

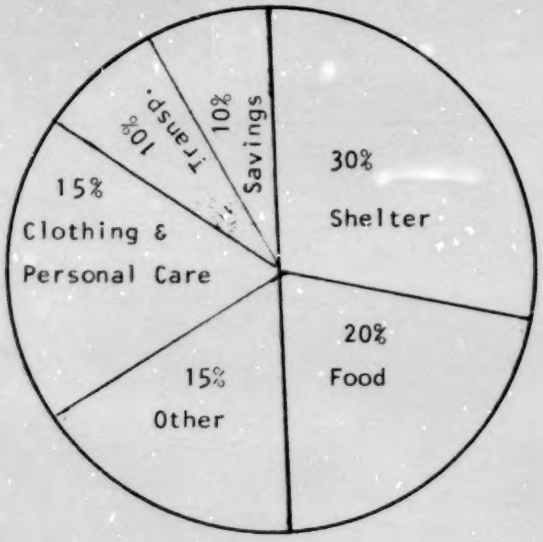
F. OTHER

Health and life insurance
Medical bills
Furniture
Recreation
Gifts
Pet expenses
Other

PRACTICE

Bob and Lisa had the expenses listed below. Next to each expense, write the letter of the category it belongs in. Use the category letters in the table.

1. _____ Thrill Cologne
2. _____ bus fare
3. _____ electric bill
4. _____ socks
5. _____ magazines
6. _____ sweater
7. _____ frying chicken
8. _____ gasoline
9. _____ aftershave
10. _____ fern
11. _____ payroll savings plan
12. _____ laundromat
13. _____ muffler for car
14. _____ movie tickets
15. _____ potato chips
16. _____ paint for bathroom
17. _____ driver's license renewal fee
18. _____ reading lamp
19. _____ shampoo
20. _____ eye doctor's bill



FACTS

The whole circle stands for 100% of your income. That means all the money you have to spend. The circle is cut into pieces that show what percent of your income you should spend in each category.

Here's how to change percentages into dollars-and-cents amounts. First, decide what the 100% amount is. If Bob and Lisa together bring home $1,100.00 a month, then 100% of their income of $1,100.00. The graph shows that they should be budgeting 15% of their total income for clothing. To find this 15%, change the figure 15% to a decimal. You will get .15. Now multiply their total income by .15.

In order to find what amount is equal to a certain percent of a total, you always multiply the total by the percent.

Sticking to Your Budget

SKILLS

Look for examples of how to put budgeting rules to work.

FACTS

Here are some rules that will help you stick to your budget. Shop wisely. Compare the prices of different brands and of different stores. Shop where you get the best values. Look for sales to stock up on items that you use all the time.

Plan ahead. Plan your next meal with today's leftovers. Plan grocery lists so that you can make fewer trips to the store and avoid impulse buying. Get up early enough to pack your lunch or ride the carpool to work. Buy next winter's coat at this year's end-of-season sales.

Find less costly ways of getting what you want. Find bargains at garage sales and flea markets. Swap things with your friends - plant cuttings, books, records, clothes, and babysitting services. Learn to cook your favorite restaurant foods. Perhaps even learn to sew or knit.

STICKING TO YOUR BUDGET - continued

Find less costly ways to have fun. If you must do some careless spending, find a $5.00 item that will give you as much fun as a $45.00 one. Try to find cheaper entertainment, such as a 50¢ film at a local college.

Trick yourself into saving. Put a certain amount in your savings account as soon as you cash your paycheck. Forget it's there. Or have payroll savings taken right out of your paycheck.

PRACTICE

Three rules of budgeting are listed below. After each one, list a specific example of a way to practice the rule from the paragraphs above. Then list an example you make up yourself.

1. Plan ahead.
   A. _____
   B. _____
2. Find less costly ways of getting what you want.
   A. _____
   B. _____

PRACTICE - continued

3. Find less costly ways to have fun.

   A. _____

   B. _____

Exposing The "Five Finger Discount"

The *"five finger discount"* is a slang expression for shoplifting. It sounds funny, but retailers do not find anything humorous in the five finger discount. Each day, thousands of people are caught shoplifting: each day, shoplifting costs *you* money.

Last winter, Debbie, a grade nine student, went into a large Seattle department store to buy a pair of leather boots. Three months of baby sitting, a saved clothing allowance and a birthday present had made the purchase possible. As the clerk zipped up the boots, Debbie asked, "How come they're so expensive?" The weary clerk shrugged, "Probably because we have about 40 pairs a week stolen."

That was one shoe department in one store, in one U.S. city. That kind of loss totals the entire profit the retailer can hope to make in that shoe department. His solution? Raise the price of the items for sale. Everyone pays for a thief.

Shoplifting is no more common among young people than it is among adults, but for the young it can have far-reaching consequences. Being labeled a shoplifter in your teens is more damaging than if you were an adult.

An adult is already established. A businessman or a housewife who is caught on a one-time shoplifting charge is not likely to lose a job. The old excuse, "I didn't have time to stand in line", may bring a suspended sentence. Life goes on. Unfair or not, the young person who is caught, and who is seeking that first job, is in much greater jeopardy. He or she may not get that first job.

"Oh what can it hurt? - Jeez, it's a big company, you think they're going to notice one ballpoint pen?"

The teenager glanced around and then stuffed the pen into his pocket. True, the drugstore in which he was "shopping" is part of the largest chain in the country. Moreover, his rationalization was one of the most common, - "It's big, it's rich, it's impersonal. I don't know them, they won't miss it."

This same person would not dream of taking money out of a friend's wallet because he knows his friend needs the money. Nevertheless, he did take money from his friend because all his friends and his family will have to pay a little more for every item in that drugstore. His crime was not a single isolated event. It was repeated hundred of times in less than a month.

One of the characteristics that makes shoplifters different is that 75 to 80% of those caught stealing from stores are otherwise law-abiding citizens.

They wouldn't consider stealing from a friend, committing fraud, or being involved in a hold-up. Shoplifters are businessmen, housewives, students, old people, small children - in short, they are all ages and come from all segments of society.

Sometimes we have romantic ideas about shoplifters. Victor Hugo, the famous French novelist, wrote a classic novel called Les Miserables. It is about an extraordinarily poor man who is caught stealing bread for his family and then is hounded for the rest of his life by the law because of his criminal record. Today, bread is not a big item among shoplifters, though, recently, steak and expensive cuts of meat have become main targets. On the whole, essentials are not stolen as frequently as luxuries. Does the teen who lifts a pen really "need" it? Does the elderly woman who stuffs a can of room dedorizer in her shopping bag "need" it? Does the wealthy man "need" that tube of shaving cream he put in his pocket? For some, the desire may be to have a few little things that are beyond the budget; for others, there appears to be a certain challenge in "getting away with it". For still others, it is rationalized as "a political act against big business". The most common excuse is, "Oh, I forgot to pay."

What does a shoplifter look like? One merchant answered the question this way:

"It's very difficult to tell from the way a person looks. Anyone could be a potential shoplifter: a young person, a pensioner, a well-dressed career woman or a bum. Nervousness can be a tip-off, though. If the person constantly looks over his shoulder, to the left and to the right, he may be trying to see if he's being observed before he takes something."

Others who were asked the same question responded in a similar way. Looks are no tip-off, but actions sometimes are.

One thing is certain, the habit of shoplifting starts quite early. Nearly all children will attempt theft, but this does not mean they are born thieves, or are "bad". Their desires may overcome their good sense - sometimes they are so young they don't understand the meaning of money or the idea that things must be paid for.

If the children are caught, punished and made to understand they have done something truly wrong, they will probably never try it again. If, however, they are not caught and never learn that what they are doing may be classified as theft, they may well continue.

Not only do the losses from thefts add up, but young people seriously jeopardize their futures. As an example, let's take the case of a young New Yorker named Elaine.

Elaine began taking small quantities of cosmetics from drugstores and department stores when she was twelve. Why? "Because I wanted them, and because well, you know...the store was so big and had so much..."

Elaine wasn't caught when she was twelve. She continued taking things - not many, just a few small items a month. As Elaine got older, she became more experienced and bolder. When she was sixteen, she attempted to steal a hairdryer and was caught by store security.

Because Elaine had just turned sixteen, she was arrested. When her case came up in court, she was convicted but given a suspended sentence. From that moment on, Elaine's parents watched her more carefully and she received special counseling. As a result, she never stole again. A happy ending? Not quite.

Elaine went on to a trade school when she graduated from high school. At the end of her first year, after looking for a summer job for some months, she was elated when she found work in a retail store. Since she hoped to go into merchandising as a career, she was convinced that this opportunity to work in a dress shop would offer her needed experince.

A few days later, Elaine received a phone call from the personnel office of the dress store chain. In checking her application, they had found out about her conviction for shoplifting. Elaine was told the store would not employ anyone who had a shoplifting conviction.

In another similar case, a student in university was applying for a passport and visa for a small West African country. In order to obtain a visa which allowed him to visit and remain in the country for six months, he had to have a "police clearance". The police gave him a clearance, but they had to record his previous record for shoplifting when he was a teen. His visa was turned down on the basis that the country in question did not permit those with "criminal" records to enter their country.

Criminal records can affect employment opportunities for the rest of one's life.

Assuming you are not a shoplifter, what are your responsibilities as a citizen and as a consumer? This question is a particularly difficult one. Small children chant a rhyme about "tattletales" and we are taught in a thousand different ways that "tattling" is not a good thing. The lesson is reinforced on popular television programs.

"Finks, "informers" and "ratters" are the bad guys. Thus, if we see something being stolen, or we have a friend we know steals, we feel we can't say a word.

There are some things one should be aware of, however. If you are shopping with someone who takes something, and that person is caught, you can be held as an accessory to their crime. Moreover, you will be watched closely in the future by store secutity.

One of the most effective things you can do, short of being a "fink" is to use group pressure to advantage. You shouldn't shop with a shoplifter and you should tell that person why you are not going into a store with him. You don't have to "turn someone in" to leave him with the strong impression that what he is doing is wrong. Many teens shoplift because their friends make it acceptable by finding it funny or clever.

Shoplifting also has other implications. Many of today's young people will go into retailing. Whether they become store clerks, managers, buyers, or owners, they will have to deal with shoplifters and the loss of profits caused by them. Salaries are affected by overall store loss just as prices are.

One of the most difficult problems for retailers, the police and the courts is that our social attitudes are changing. There is little stigma attached to shoplifting and indeed, it has become an extension of "finders keepers". Can you help change those attitudes? The answer is "yes". You can refuse to associate with those who "play at theft" and you can remind them that you don't like them having their "fun" cost you money.